

Message Text

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ACTION EB-11

INFO OCT-01 NEA-10 ISO-00 CIAE-00 INR-10 NSAE-00 RSC-01

AID-20 OPIC-12 DRC-01 /066 W
----- 089942

R 101125Z NOV 73

FM AMEMBASSY KUWAIT

TO USDOC WASHDC

INFO SECSTATE WASHDC 8065

AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

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BEIRUT FOR RTDO

E.O. 11652: N/A

TAGS: ETRD BEXP BMEP KU

SUBJ: US COMMERCIAL PROSPECTS IN KUWAIT

SUMMARY: FOLLOWING OCTOBER WAR STRONG ANTI-AMERICAN FEELINGS
PERSIST IN CERTAIN QUARTERS SO THAT GENERALLY OPEN AND PROMISING
SITUATION WHICH PREVAILED HERE FOR AMERICAN FIRMS PRIOR OCT
6 NO LONGER EXISTS. ON OTHER HAND, SITUATION NOT COMPLETELY
BLEAK AND AS LONG AS SOMETHING LIKE PRESENT NON-WAR CONTINUES,
SLOW PROGRESS TOWARD NORMALITY CAN BE EXPECTED. BIGGEST BOON TO
AMERICAN FIRMS, HOWEVER, WOULD BE DIPLOMATIC AND POLITICAL
BREAKTHROUGH TOWARD PEACE. END SUMMARY

1. FOLLOWING US MILITARY RE-SUPPLY OF ISRAEL DURING ACTIVE FIGHTING
BETWEEN ARABS AND ISRAELI TROOPS, THERE CONTINUES TO BE STRONG
ANTI-AMERICAN FEELING HERE AND NOW THAT NATIONAL ASSEMBLY HAS
RESUMED THERE HAVE BEEN CALLS BY SOME DEPUTIES FOR SPECIFIC
ACTION INCLUDING LEVYING HIGH TARIFFS ON AMERICAN GOODS OR
BOYCOTTING THEM ALTOGETHER. IN ADDITION, GOK HAS INDICATED IN
CERTAIN CASES THAT US FIRMS WILL HAVE TROUBLE WINNING MAJOR
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CONTRACTS.

2. SITUATION NOT COMPLETELY BLEAK, HOWEVER. ONE AMERICAN CONSULTING FIRM WON TWO CONTRACTS WHILE WAR WAS IN PROGRESS WHILE ANOTHER CLAIMED HAVE MORE NEW BUSINESS THAN IT COULD HANDLE. SEVERAL PROMINENT BUSINESSMEN HAVE RECENTLY HELD SERIOUS DISCUSSIONS WITH US FIRMS ON MAJOR PROJECTS. AMERICAN COMPANY RECENTLY AWARDED \$7 MILLION CONSTRUCTION CONTRACT, ALTHOUGH DECISION TO AWARD CONTRACT MAY HAVE OCCURRED PRIOR TO WAR.

3. ON BALANCE LOCAL BUSINESSMEN CLOSELY TIED TO US DO NOT EXPECT PRECIPITATE ACTION AGAINST US COMMERCIAL INTERESTS BUT NONE WILLING DISCOUNT IT IF SITUATION DETERIORATES. SOME FIRMS ALREADY MAKING SPECIAL ORDERS US ITEMS SHOULD BOYCOTT OR SIMILAR ACTION BE TAKEN. SIMILARLY US MULTINATIONAL COMPANIES BEING ADVISED TENDER FOR LARGE PROJECTS THROUGH NON-US SUBSIDIARIES OR LICENSES.

4. AS LONG AS NO ACTIVE FIGHTING EXISTS OR OTHER DRAMATIC ACTION NEGATIVE TO ARAB INTERESTS OCCURS, SLOW PROGRESS TOWARD NORMALITY CAN BE EXPECTED. MEANWHILE TRADITIONAL COMPETITORS OF US MANUFACTURERS CAN BE EXPECTED DO WHAT THEY CAN TO SCUTTLE CHANCES FOR AMERICAN FIRMS. FOR EXAMPLE, LOCAL AGENT JAPANESE AUTOS WHO ALSO DEPUTY RECENTLY CALLED FOR BOYCOTT US GOODS. CONVERSELY, REAL MOVES TOWARD PEACE AND/OR SETTLEMENT ARAB GRIEVANCES CAN BE EXPECTED ASSIST POSITION US FIRMS AND PRODUCTS HERE. IN THIS REGARD NEWS RESUMPTION FULL US-EGYPTIAN DIPLOMATIC RELATIONS WELCOMED IN KUWAIT BY THOSE WHO WOULD LIKE DO BUSINESS WITH US BUT WHO FIND IT DIFFICULT DO SO WHEN US-ARAB POLITICAL RELATIONS ARE SOUR.

5. IN SUMMARY COMMERCIAL ATTITUDES TOWARD US PRESENTLY MIXED WITH PRIVATE SECTOR MORE READY RESUME NORMAL COMMERCIAL RELATIONS THAN GOK ITSELF. SITUATION SHOULD IMPROVE OVER TIME, ALTHOUGH COMMERCIAL RIVALS AND ANTI-US POLITICIANS LIKELY TRY TAKE ADVANTAGE CURRENT SITUATION FOR THEIR OWN PURPOSES. BEST HOPE FOR RETURN TO PRE-WAR CONDITIONS WOULD BE VISIBLE BREAKTHROUGH FROM ARAB POINT OF VIEW ON DIPLOMATIC/POLITICAL FRONT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, DIPLOMATIC RELATIONS ESTABLISHMENT, ANTIAMERICAN FEELING, BOYCOTTS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973KUWAIT03990
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731142/aaaabesw.tel
Line Count: 98
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 02 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02-Jan-2002 by boyleja>; APPROVED <15-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US COMMERCIAL PROSPECTS IN KUWAIT SUMMARY: FOLLOWING OCTOBER WAR STRONG ANTI-AMERICAN FEELINGS
TAGS: ETRD, BEXP, BGEN, KU
To: n/a
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005